

FISCAL NOTE

HB 3436 – SB 3960

March 17, 2006

SUMMARY OF BILL: Authorizes a tax credit, equal to 50% of any qualified educational expenses paid by a taxpayer for eligible employees pursuing either an associate's degree or a bachelor's degree, against the sum total of franchise and excise tax liability.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$100,000 One-Time

Other Fiscal Impact – The fiscal impact of this bill is dependent on several unknown factors. However, to the extent one business enterprise pays the qualified educational expenses for one eligible employee each year, the decrease to state revenues would be approximately \$1,122 per year. In addition, if there were ten business enterprises that pay the qualified educational expenses for an average of ten eligible employees each year, the decrease to state revenues would be \$112,200 per year.

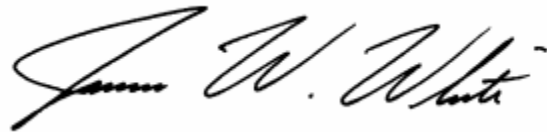
Assumptions:

- The fiscal impact of this bill is dependent upon (1) the number of business enterprises that pay qualified educational expenses for their employees, (2) the number of eligible employees within each business enterprise that would take advantage of the benefit, and (3) the extent each eligible employee would pursue a postsecondary education.
- Qualified educational expenses to a state, public, four-year institution, for students attending on a full-time basis, is estimated to be \$5,609 per year (tuition and fees based on 30 credit hours per academic year).
- Eligible employees pursue postsecondary education by taking an average of 12 credit hours per year (40% of full-time).
- Qualified educational expenses for each eligible employee is estimated to be \$2,244 per year ($\$5,609 \times 40\% \text{ rate} = \$2,244$).
- Tax credit available is equal to 50% of qualified educational expenses.
- Tax credit available only after successful completion of course.
- Taxpayers may receive tax credit for the qualified educational expenses of eligible employees up to a maximum 112 semester hours.

- Tax credit available per eligible employee per year would be approximately \$1,122 (\$2,244 in qualified educational expenses X 50% rate = \$1,122 credit).
- One-time increase to state expenditures for form development, computer programming, and software modifications is estimated to be \$100,000.
- This act shall take effect on July 1, 2006.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director